



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
June 24, 2008

Honorable Mayor and
Members of the City Council

Title: Contract: Office Supplies Using Sheltered Market Approach

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) awarding a one year contract with a one year renewal option to Burkett's Office Supply, Inc., the lowest responsive and responsible bidder, in a total amount not to exceed \$348,000, for the purchase of office supplies; and 2) authorizing the City Manager or the City Manager's designee to execute the contract, provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

Contacts: Craig Lymus, Interim Procurement Services Manager 808-6202

Presenters: None

Department: General Services

Division: Procurement

Organization No: 1181

Description/Analysis

Issue: On December 4, 2007, City Council adopted Resolution No. 2007-867 suspending competitive bidding and authorizing the use of a sheltered market approach in soliciting formal bids for commonly used office supplies. This program restricted bidding to City certified small and emerging businesses in order to enhance the utilization of small businesses in city contracting.

The formal bid process was completed on May 7, 2008, and Burkett's Office Supply, Inc. was selected as the lowest responsive and responsible bidder.

Policy Considerations: City Code Section 3.60.260 authorizes the use of the sheltered market program to restrict bidding to small and/or emerging business enterprises for contracts less than \$100,000. Although the proposed recommendation is

to award a contract that exceeds \$100,000, it is consistent with the City Council's motivation to promote and support the Small Business Development program and to engage these businesses to further City Council's goal of increasing contracting opportunities for small businesses.

Environmental Considerations:

California Environmental Quality Act (CEQA): This project has been determined to be exempt from the requirements of the California Environmental Quality Act, under Section 15061(b) (3) of the CEQA Guidelines, which state that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The current proposal involves only the purchase of office supplies.

Sustainability Considerations: None

Commission/Committee Action: None

Rationale for Recommendation: The City has ongoing requirements for the purchase of office supplies. The Procurement Services Division identified a formal bid opportunity which lent itself to increased small business participation and utilization. Use of the sheltered market program fits firmly within the intended objectives of the City's small business program and is beneficial to the City in that it meets City Council's objectives related to inclusiveness and economic development. Small businesses will benefit as sheltered solicitation opportunities promote the participation, and guarantee the utilization of small business enterprises for City contracts. This program also provides level playing field opportunities for certified small businesses to compete for City contracts without the potentially stifling competition from larger companies.

On April 21, 2008, the City issued Invitation to Bid No. B081181053 for office supplies. On May 7, 2008, seven bids were received from small business contractors. Bid evaluation criteria included the contractor's delivery time after receipt of order, minimum amount of order, return policy, years in business, and pricing and discounts. Bids were evaluated based on contractor qualifications and price. The five percent small business preference was not applied as all bidders are small businesses. Five bidders, Walker's Office Supply, Quill Bids, River City Office, Northern California Veteran Supply, and Ink Half Price, were all determined to be either non-responsive, non-responsible, or both. Reasons for a non-responsive or non-responsible bid determination include one or more of the following:

- Failure to be City certified
- Failure to deliver within required time
- Failure to bid on all 12 bid items

Burkett's Office Supply, Inc. was selected as the lowest responsive and responsible bidder. A summary of the bid results is provided in Attachment 2.

Financial Considerations: Funding for office supplies will be provided from City department operating budgets, provided that sufficient funds are available in the budgets adopted for the applicable fiscal year(s).

Emerging Small Business Development (ESBD): City Code Section 3.60.280, as well as the City Council adopted ESBD Policy, authorizes the use of the sheltered market program to restrict bidding to small and emerging business enterprises.

Respectfully Submitted by: Craig B Lymus
Craig Lymus
Interim Procurement Services Manager

Approved by: Reina J. Schwartz
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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Attachment 1

Background

In February 1999, City Council approved the establishment of the Small Business Development Program. It also approved the sheltered market program to enhance participation of small businesses in the City's procurement process and to promote the development of small businesses per City Code Section 3.60.280. In addition, the ESBD policy adopted by City Council, authorizes the use of the sheltered market program to restrict bidding to small and emerging business enterprises for contracts below the formal competitive bidding dollar threshold of \$100,000. This program was created to provide opportunities for certified small businesses to compete for City contracts, which creates a more attractive opportunity for small and emerging businesses.

The Procurement Services Division identified a formal bid opportunity to conduct a sheltered market formal bid solicitation for office supplies which lent itself to increased small business participation and utilization. Staff identified ten vendors identified as City certified small and emerging businesses. Using the sheltered market program for this contract is in the City's best interests because it promotes the utilization and development of emerging and small businesses that can perform City projects, while promoting inclusiveness and economic development consistent with the intent of the program. In addition, the sheltered market bid for small business provides another avenue for Departments and /or programs to meet their 20% small business participation goals by utilizing this contract.

On May 7, 2008, seven bids were received for office supplies. Bids were evaluated based on contractor qualifications and price. The five percent SBE preference was not applied as all bidders were small businesses. Burkett's Office Supply, Inc. was selected as the lowest responsive and responsible bidder.

The lowest bids submitted by small businesses for paper were an average of 60% higher than our current office supplies contract. As a result, an award for paper to a small business firm was not recommended to City Council. However, the bidders were competitive in other categories such as calendars, road/city maps, pre-inked title stamps, Original Equipment Manufacturer (OEM) and recycled toner cartridges.

Attachment 2

Bid Results for Bid No. B081181053

Contractor	Total bid	Met minimum requirements	ESBE Certified
1. Burkett's Office Supply, Inc.	\$173,621.00	YES	YES
2. Express Office Supply	\$221,330.00	YES	YES
3. Ink Half Price	\$38,040.00	NO	YES
4. N.CA Veteran Supply	\$179,444.17	NO	YES
5. River City Office Supply	\$209,330.23	NO	YES
6. Quill Corporation (IL)	\$55,905.00	NO	NO
7. Walkers Office Supply	\$124,212.05	NO	NO

Vendors No. 3, No. 4 and No. 5 were deemed non-responsive.

Vendors No. 6 and 7 were deemed non-responsive and non-responsible.

Awarded to Burkett's Office Supply, Inc.

RESOLUTION NO. 2008-xxx

Adopted by the Sacramento City Council

June 24, 2008

AWARD OFFICE SUPPLIES CONTRACT

BACKGROUND

- A. The City Council approved the sheltered market program in February 1999, with the establishment of the Small Business Development Program.
- B. On December 4, 2007, City Council adopted Resolution No. 2007-867 suspending competitive bidding and authorizing the use of a sheltered market approach in soliciting formal bids for commonly used office supplies. This program restricted bidding to small and emerging businesses certified by the City of Sacramento sheltered market program in order to enhance the utilization of small businesses in city contracting.
- C. On April 21, 2008, the City issued Invitation to Bid No. B081181053 for office supplies. Seven bidders responded, however, five were found to be non-responsive, non-responsible, or both. The lowest responsive and responsible bidder was determined to be Burkett's Office Supply, Inc.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 2. Burkett's Office Supply, Inc. is awarded a one year contract with a one year renewal option in a total amount not to exceed \$348,000 for the purchase of office supplies.
- Section 3. The City Manager or the City Manager's designee is authorized to execute the contract specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).